

WARREN COUNTY TREASURER

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County Treasurer

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To: All Supervisors
From: Michael R. Swan, Treasurer
Date: January 19, 2022
Subject: Budget Analysis Report

Budget Analysis Report

The purpose of the monthly budget analysis report is to make the County Supervisors and Administration aware of certain issues that may present a problem in the near future or are currently a problem. It is important that appropriate action be taken to address these issues or concerns before they become a problem.

We have analyzed the revenue and expenditure budgets for the County departments as of December 31, 2021 on a preliminary basis. Please note that we have not closed the year as of this date and there will be significant additional revenues and expenditures posted until we officially close the books over the next few months. We will provide final 2021 numbers near the end of April, 2022. We have noted the following items Supervisors should be aware of.

Revenues

American Rescue Plan Act (ARPA)

In June, 2021, the County received \$6.2 million in ARPA funding to be used for various purposes in response to the COVID pandemic. The County is expected to receive another \$6.2 million in June, 2022. As noted in the US Treasury Final Rule, costs must be obligated by December 31, 2024, and expended by December 31, 2026. The following is an accounting of the amount of ARPA funds expended and obligated as of December 31, 2021 and the balance remaining.

June, 2021 Receipt	\$6,210,186
2021 Expenditures	(19,727)
2021 Obligations	<u>-</u>
Balance Remaining as of 12/31/21	<u>6,190,459</u>

County Clerk

County Clerk Fees – As of December 31, the department has received \$1,223,467 in County Clerk Fees in 2020 and \$1,463,884 in 2021 which is an increase of 20%. It should be noted that the 2021 amount is at 115% of the budget for this account so the actual revenue received has exceeded the budget.

Mortgage Tax – As of December 31, the department has received \$2,424,001 in Mortgage Tax in 2020 and \$3,080,296 in 2021 which is an increase of 27%. It should be noted that the 2021 amount is at 154% of the budget for this account so the actual revenue received has already exceeded the budget.

Automobile Use Tax – As of December 31, the department has received \$426,793 in Automobile Use Tax in 2020 and \$458,433 in 2021 which is an increase of 7%. It should be noted that the 2021 amount is through November and is at 97% of the budget for this account, so the actual revenue amount received is on target to exceed the budget.

County Treasurer

Sales Tax – It has been noted that we have collected \$9,622,106 more in sales taxes through December 31, 2021 than we did through December 31, 2020 which is a 17.4% increase. This increase would have been far greater if \$413,456 had not been withheld by the State for fiscally distressed health care facilities and \$10,386 had not been withheld by the State for the AIM funding to the Village of Lake George and \$213,907 to the towns. We have received \$10.0 million more than the 2021 revenue budget. We also finished the year \$4.6 million overbudget for the Distribution of Sales Tax expenditure code and \$.11 million overbudget for the Sales Tax Agreement with GF expenditure code which calculates to a net budget surplus of \$5.3 million when you factor in the revenue.

VLT/Tribal Compact Moneys (Casino) – We have not received our 4th quarter 2019 payment from the State as of the date of this report. We typically receive this payment in April. We have estimated the payment to be \$88,841. We have contacted the NYS Gaming Commission and they noted that they have not yet received the payment from the Mohawk Indians. We have also not received any payments for 2020 which is budgeted for \$420,000. It has been noted that the casino closed on March 17, 2020 and did not reopen until August 28, 2020 so there was no revenue to share for this time period. **We have also not received any payments for 2021 as of the date of this report. We budgeted \$375,000 in 2021 and \$0 for 2022 for this revenue.**

Tourism

Occupancy Tax – The department has collected \$2,351,408 more in occupancy taxes as of December 31, 2021 than we did as of December 31, 2020 which is a 57% increase which relates to the COVID pandemic. The department has collected \$1,713,571 more in occupancy taxes as of December 31, 2021 than we did as of December 31, 2019 which is a 36% increase. These amounts represent collections for each year through January 18. We have not finalized 2021 figures yet and expect to receive payments for 2021 through March 31, 2022.

Sheriff's Correction Division

Jail Services, Other Government – As of December 31, the department has received \$362,400 in Jail Services, Other Government in 2020 and \$477,814 in 2021 which is an increase of 32%. It should be noted that the 2021 amount is at 239% of the budget for this account so the actual revenue received has already exceeded the budget.

Building & Fire Code

Building Permits – As of December 31, the department received \$200,589 in building permits in 2020 and \$253,230 in 2021 which is an increase of 26%. It should be noted that the 2021 amount is at 124% of the budget for this account so that actual revenue received has already exceeded the budget.

Health Services

Home Nursing Charges – As of December 31, the department has received \$2,950,971 in Home Nursing Charges in 2020 and \$2,352,303 in 2021 which is a decrease of 20%. It should be noted that the 2021 amount is through November and is at 57% of the budget for this account, so the actual revenue amount received is significantly below the budget.

COVID Grants – The department has not submitted any claims for its various COVID grants covering expenditures in 2020 and 2021. There are unclaimed expenditures of \$167,922 in 2020 and \$422,496 as of December 31, 2021 for a total of \$590,418. **This has been reported in the Budget Analysis Reports since September 23, 2021 without any corrective action.**

Expenditures

Please see the attached Budget Exception report which summarizes budgeted expenditure line items where there is currently a problem or there may be a problem in the future. We are reporting on an exception basis only. **Over expended budget line items are highlighted in red.**

Salary Increases and New Positions

It is each department's responsibility to identify a source of funding for any salary increase or creation of new positions during the year and to request any necessary budget amendments to fund these changes at the time of the change request. This has been an issue in the past and most recently with Public Health, Sheriff and Civil Service requesting in 2021, salary increases or the creation of new positions for the 2022 adopted budget without requesting the proper budget amendments to fund these changes. If a department is trying to use vacant positions to fund salary increases or new positions, then these vacant positions need to be inactivated by the Board so that they are not filled while the position budget is being used to fund salary or position changes. We suggest that the proper budget amendments be approved at the Organizational meeting in January, 2022 for the Public Health, Sheriff and Civil Service changes since approvals were already made to make the changes at the committee level in 2021. **Requests for budget amendments have been made for the January 21, 2022 Board meeting to address these issues.**

We strongly recommend amending the resolution request forms to create a new position and to increase salaries to require the department to detail how the funds are available to fund the change instead of just requesting the account code where the funds may be available. **The County Administrator has indicated that the resolution request forms will be amended. We haven't seen the amended forms as of the date of this report.**

Community College - Tuition

This expenditure code represents charges made by other NYS community colleges for Warren County resident students that attend their community college instead of attending SUNY Adirondack. Below are the tuition costs charged to Warren County over a five-year period. As noted there have been significant increases in 2020 and 2021. A determination should be made as to the cause of this significant increase in light of the fact that the 2016 NSTEM project funded by Warren and Washington Counties was supposed to reduce the number of Warren County resident students that go to colleges outside of the county. **SUNY Adirondack is in the process of reviewing information to determine the cause of the significant increases.**

2017	314,673
2018	318,414
2019	385,979
2020	493,417
2021 (Estimated)	617,790

Capital Projects

Departments are responsible for administering their capital projects and making sure that they are closed in a timely manner after completion. The following are capital projects where there has not been any recent activity and a determination should be made by the responsible department whether or not the project should be closed. This has been a recurring issue and the County has been written up in the past by our auditors. **H292 and H347 have been reported in the budget analysis reports since February, 2021 and no action has been taken to close these projects.**

Planning	Date of	Balance owed to	
	Last Activity	Cash	Other funds/Govt
H292-FWHC-Making the Connection	4/2018	-	21,189
H340-First Wilderness 2012	7/2019	76,904	-
H347-Invasive Species Boat Washing	12/2018	-	257
<u>DPW</u>			
H263-Design&Construct Hlth&Human Srv Bldg	7/2018	11,031	-
H351-CR44 Over Hudson River Bridge Paint	12/2017	3	2,097
H391-Airport Two New Snow Plows	12/2020	132	-

County Debt Balances

The following shows the County's current debt outstanding as of December 31, 2021 along with ending debt balances for future years:

	Current	End of 2021				2025-	2030-
Bonds	Balance	Balance	2022	2023	2024	2029	2034
Pub Safety Bldg & Com Upgrade	2,165,000	2,165,000	1,085,000	-	-	-	-
Recovery Act Bonds, Various Proj	11,630,000	11,630,000	10,935,000	10,205,000	9,445,000	5,200,000	-
Court Expansion - 2015	6,260,000	6,260,000	5,890,000	5,510,000	5,120,000	2,995,000	530,000
Court Expansion - 2017	7,030,000	7,030,000	6,665,000	6,290,000	5,910,000	3,865,000	1,550,000
SUNY Adirondack NSTEM - 2017	4,765,000	4,765,000	4,515,000	4,260,000	4,000,000	2,615,000	1,050,000
Capital Leases							
Municipal Center Energy Project	279,883	279,883	-	-	-	-	-
Countryside Adult Home Energy Proj	7,630	7,630	-	-	-	-	-
Total Outstanding	32,137,513	32,137,513	29,090,000	26,265,000	24,475,000	14,675,000	3,130,000

2022 Bond Anticipation Notes

On September 17, 2021, the Board authorized the issuance of serial bonds in the amounts of \$6.2 million for county road projects, \$1.0 million for Countryside Adult Home improvements and \$0.7 million for a retaining wall reconstruction for a total of \$7.9 million. The County plans on issuing Bond Anticipation Notes with annual renewals to fund these costs. One fifth of the BAN principal will be paid with each renewal in addition to interest for a five-year period. The first debt service payment for all three projects will be in 2023 for a total of \$1.7 million including interest.

Historically, the County has waited to see what the sales tax budget surplus will be for the end of the previous year to see if any of it could be used to fund additional county road projects. Since additional county road projects are now being funded through debt, we suggest using a portion of the previously noted \$5.3 million 2021 sales tax net surplus to fund the \$1.7 million in additional BAN debt service for the 2023 budget. We suggest that an Assigned Fund Balance account be established for short term debt service in the amount of \$1.7 million and that we look to fund this account annually until the BANs are repaid.

Again, we invite comments from Supervisors and department heads to expand this into a more useful management tool in these critical financial times.